



U.S. Department of Justice

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PRESS RELEASE
***18 INDIVIDUALS CHARGED WITH
IMPORTING CONTROLLED SUBSTANCES,
DISTRIBUTION, MONEY LAUNDERING,
OTHER VIOLATIONS
IN CONNECTION WITH INTERNET
PHARMACIES***

SALT LAKE CITY – A federal grand jury returned an indictment Wednesday morning charging 18 individuals, primarily Utah residents, with violations of federal law relating to the distribution of drugs through internet pharmacy businesses based in Utah and elsewhere. Charging documents allege the internet pharmacies distributed substantial quantities of controlled substances, smuggled into the United States from Mexico, through the online businesses. Law enforcement authorities believe more than 11 million pills involving millions of dollars in sales were distributed through the internet businesses from about 2003 through this year.

One count of the nine-count indictment alleges that six of the defendants agreed to sell controlled substances to customers which they represented to be full strength prescriptions of a drug when, in fact, the indictment alleges the defendants knew the drugs were sub-potent versions

of the drugs. Purchasers who did not have valid prescriptions from their physician for the medication they were ordering online were provided a prescription by the online business without a medical evaluation or given the controlled substance without a prescription. According to charging documents, the online businesses -- including Lighthousemeds and Federalmeds -- were not licensed pharmacies and there is no evidence that Lighthousemeds or Federalmeds ever employed a licensed pharmacist. The DEA conducted several undercover purchases of drugs without a prescription from the two businesses. Most of the tablets DEA purchased were unmarked and far below the purity levels of the drug reported on the label.

U.S. Attorney for Utah Brett L. Tolman said today that buying and dispensing prescriptions over the internet is not illegal and gives individuals with valid prescriptions a convenient way to access medications. “However, as with any other business, there are those who operate outside the lines of what is legal in an attempt to make money. The risk is that while those running these illegal businesses are making millions of dollars, those using the businesses to order prescription medication may very well be putting their health at risk.”

Tolman emphasized that today’s indictment is another step in efforts by local, state, and federal law enforcement partners to target illegal prescription drug distribution and abuse in Utah. “We are going to use every tool we have to cut off the supply of prescription drugs obtained through illegal and often unsafe means. Many Utah families understand what it is like to have a loved one struggling with prescription drug abuse. While we may not be able to prevent every circumstance, we are going to continue to aggressively investigate and prosecute those individuals or businesses we believe are circumventing the law to dispense or obtain prescription drugs,” Tolman said.

Charged in the indictment are James A. Brinton, age 61, of Provo; Gregory J. Crosby, age 52, of Provo; Noah Sifuentes, age 56, of Orem; Christina K. Haramija, age 30, of Lehi; Laura B. Harding, age 32, of Lehi; Edgar U. Flores-Cuevas, age 35, of Mexico; Martha Forrest, age 65, of Salt Lake City; Kenneth E. Forrest, age 42, of Provo; Treila Shumway, age 38, of Manti; Timothy A. Shields, age 44, of Provo; Deborah E. McCoard, age 41, of Spring City; Kimberly Lobdell, age 38, of South Jordan; Charles J. Stuart III, age 51, of Mapleton; Rex E. Southwick, age 33, of Orange, California;

Thomas Myers, age 47, of Sandy; Enrique Hipolito-Ruiz, age 58, and Victor Francisco Hipolito-Martinez, age 35, both of Tijuana, Mexico; and Jorge Hipolito-Martinez, age 30, of Soler, Mexico. Flores-Cuevas was arrested on a federal complaint in May and is in custody. Federal arrest warrants have been issued for the three other defendants from Mexico. Summons will be issued to the other defendants to appear in federal court for an initial appearance. Defendants charged in federal indictments are presumed innocent unless or until proven guilty in court.

The case is being investigated by the DEA, the FBI, the IRS, the U.S. Secret Service and the Utah Division of Occupational and Professional Licensing.

The charges include conspiracy to import a controlled substance; conspiracy to distribute a controlled substance; conspiracy to commit money laundering; conspiracy to commit wire fraud; conspiracy to structure monetary transactions; and making false statements. The indictment also includes a notice of the government's intent to seek the forfeiture of assets obtained through the alleged criminal conduct or used to facilitate the commission of the crimes.

"Those running illicit pharmacies are no different than your typical drug trafficker. They are peddling controlled substances to people with no concern for their health, safety, or the quality of their product," Frank Smith, Assistant Special Agent in Charge of the DEA in Salt Lake City said. "In several cases, the undercover investigator placed an order for a specific controlled substance, only to find when it was tested by the DEA Laboratory that the drug they received from the online pharmacy was another chemical all together. We are going after these criminals with the same tenacity that we go after heroin or meth dealers."

Special Agent in Charge Timothy J. Fuhrman of the Salt Lake City Office of the FBI stated, "Since its inception, the internet has become a vital instrument in the daily activities of individuals throughout the world. Most of the internet's capabilities have been a force for good; however, in law enforcement we have seen how the internet has been used to further fraudulent criminal activity and potentially harm the health of unsuspecting victims. In this case, which the FBI Salt Lake City Field Office assisted both the Utah Drug Enforcement Administration and the Philadelphia Office

of the FBI, we have addressed an unfortunate problem which not only concerns fraud, but also potential damage to health and safety."

Assistant Special Agent in Charge, Jeanne A Killoran stated, "As today's indictment indicates, the criminals are increasingly using the Internet and other sophisticated technology to try and circumvent the laws, the agents of IRS Criminal Investigations in this case were able to successfully assist in the use of financial investigative and forensic techniques to examine and document their target's use of the Internet and other online resources."

The indictment charges two general conspiracies to import and distribute controlled substances. The conspiracies relate to the fact that two different, brick and mortar, Mexican pharmacies supplied internet pharmacies operating in Utah.

One pharmacy was Save-On-Meds owned and operated by the Hipolito family. At one time, the Hipolitos supplied the internet pharmacies charged in the indictment. Later, one of the pharmacies, Lighthousemeds.com, switched to another supplier, Investicion Farmaceutica (IFA). One of the defendants, Edgar Flores-Cuevas, worked as an account representative for this pharmacy.

Count 1 of the indictment alleges that Brinton, Crosby, Sifuentes, Haramija, Harding and Flores-Cuevas conspired to import Phentermine, a Schedule IV controlled substance, into the United States. Count 2 of the indictment alleges the same defendants conspired to distribute these drugs.

Count 3 of the indictment charges Brinton, Crosby, Sifuentes, and Flores-Cuevas with conspiracy to commit international money laundering. The indictment alleges the four transferred money from the Utah to Mexico with the intent of promoting an unlawful activity and also to conceal and disguise the nature and source of the money. Brinton, Crosby, Sifuentes, Haramija, and Harding also are charged in Count 4 of the indictment with conspiracy to commit domestic money laundering. Brinton, Crosby, sifuentes, Haramija, Harding and Flores-Cuevas are charged in Count 5 with conspiracy to commit wire fraud for what the indictment alleges was an agreement between the defendants to sell controlled substances to customers which they represented to be full strength when in fact, as the defendants well knew the indictment alleges, the drugs were sub-potent.

Brinton is charged in Count 6 with making false statements to DEA investigators regarding his involvement with lighthousemeds.com and his alleged continued involvement in the sale of Phentermine through various websites.

Fourteen defendants are charged in Counts 7 and 8 of the indictment with conspiring to import controlled substances into the United States, including Ritalin, Xanax, Valium, and Phentermine. The final count of the indictment alleges Martha Forrest and Deborah McCoard structured transactions with a financial institution to evade reporting requirements. The indictment alleges the pair broke currency amounts in excess of \$10,000 into amounts of less than \$10,000 to avoid reporting requirements.

The drug, wire fraud, and money laundering offenses carry potential maximum penalties of up to 20 years in federal prison. Making a false statement has a potential penalty of five years in federal prison. Potential fines include \$1 million for each drug offense and \$250,000 for the other counts in the indictment.

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